Discussion on Financial issues with States

982. SHRI DIPANKAR MUKHERJEE: Will the Minister of FINANCE be pleased to state:

(a) what is Government's stand on issues like full devolution of 29 percent State share of Central taxes and duties, treatment of releases under the VDIS as one time grant on standalone basis, timely revision of royalties on major minerals, revision of loan grant mix of the Central loan assistance to enable States to reduce their debts servicing liabilities, creation of a fiscal stabilization fund to help cash starved State Governments;

(b) whether these issues would be discussed and settled in NDC or Inter State Council meeting.

(c) if so, when such meeting will take place; and

(d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (c) The formulation regarding devolution/distribution of finance/assistance between the Centre and State, comes under the aegis of both the Finance Commission and the Planning Commission. The issues relating to Centre-State financial relations including revision of royalties on major minerals and revision of loan-grant mix of central assistance etc. are discussed in fora like inter-State Council and National Development Council, where both Centre and the States are represented. Future course of action is decided based on the consensus arrived at in the meetings of these bodies held periodically.

(d) Does not arise.

Review of Double Taxation Treaty with Mauritius

983. SHRIMATI CHANDRA KALA PANDEY:
SHRI DIPANKAR MUKHERJEE:

Will the Minister of FINANCE be pleased to state:

(a) whether Government are going to review its double taxation treaty with Mauritius in view of its mass scale misuse by foreign capital investors causing loss of revenue to the nation;

(b) if so, by what time such measures will be initiated; and

(c) if not, the reason therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAY KUMAR): (a) to (c) Benefits availed by the residents of Mauritius under Double Taxation Avoidance Convention with India does not amount to misuse. Presently there is no proposal to review the treaty with Mauritius.

Smuggling on Indo-Nepal and Indo-Pak Border

984. PROF. M. SANKARALINGAM: Will the Minister of FINANCE be pleased to state:

(a) whether Government have undertaking any special efforts to deal with the cross border smuggling on Indian borders, especially on Indo-Nepal and Indo-Pak border; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAY KUMAR): (a) and (b) In order to check cross border smuggling and other anti-India activities on Indo-Pak border, fencing/flood lighting works in Punjab and Rajasthan sectors has been completed. Further, Government has recently approved a comprehensive proposal for construction of fencing/flood lighting on a raised embankment, link roads, border roads and BOPs in 310 kms. of Rann area of Gujarat sector at an estimated cost of Rs. 380 Crores. This project will be executed approximately in 5 years. Similarly, a multi-modal approach for sealing the Jammu International Border has been approved by the Government recently. This work will be executed in one and a half years to two years time. DRI & field units under customs having jurisdiction over Indo-Pak border are also on high alert and vigilant to detect and prevent cross border smuggling of contraband goods.

As for Indo-Nepal border, to check cross border smuggling and other anti-India activities, States bordering Nepal have been advised to strengthen policing/patrolling and maintain strict vigil on the border. Customs formations and DRI officers are also keeping strict watch on the movement of third country goods to Nepal on import from Calcutta port, to prevent deflection/diversion into India.